

An Excess of Capital, or an Excess of Capitalists?

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It's now safe to say that the worldwide experiment in economic crisis recovery is indeed failing. Even mainstream sources speculate on possible burst bubbles and collapses. But rather than a bang and a crash we may instead experience something more like a hiss and a crack.

Unlike previous recessions, and even the Great Depression, all of which were preceded actual booms that peaked, this one will happen without a genuine recovery let alone a boom. Over the past six years world capitalism has only managed to stretch a safety net beneath their falling economies -- and that is now giving way. Despite whistling the "recovery" tune as they try to effect a cure for their dying system, the powers that be are well aware that dangerous times are ahead and a real safety net - one made of guns and state repression rather than paper and cheap credit will be required. If worse comes to worse they are in position to establish statist systems not seen since World War 2 where the economy and social life will be run by committees.

But the aftermath of Ferguson may indicate that an effective opposition is forming. Normally these police assassinations attract public attention for only a few days. But local public outrage has spread to the national mainstream, bringing attention to the militarization of the police and the vitiation of our personal rights. It just may be possible that our series of failed foreign military adventures may now be coming home, and that can open the way for a real solution to both social and economic problems.

With strong popular support the solution is a simple one -- make those that caused the problem pay for their actions. In a pure capitalist system money is used to make more money through the creation and sale of commodities -- by commodities I mean goods and services that contain an inherent use value; that fulfill a human need. Problems develop when vast sums of capital remain to be invested after demand for real commodities has been satiated. To fulfill the never satiated drive of capital to make more capital, fake commodities are created to buy and sell that have no use other than to maintain the system and the lifestyles of the privileged few that own it. The worldwide policies of flooding economies with liquidity is like throwing gasoline on a fire; it was excess that caused the problem and now they have even more excess seeking investments.

Obviously there is no solution to the excess of capital without first ridding the economy of its excess of capitalists -- notice, I said removing them from our economic life and not from life on earth. This can be easily be done following the next collapse by liquidating capital, and thereby capitalists, by not trying to preserve any of their assets. When financial institutions fail their assets are absorbed by a state entity that will have no other function than to liquidate those securities -- they will not be dispersed to surviving financial institutions, they will only be dissolved when they come to term within the state entity. The same with failed industrial enterprises except in this case, since they involve something real

and necessary, they will be turned into worker-owned cooperatives and be used to provide social needs and to pay current and past debts. Same for failed rental housing - they will be converted into cooperatives with the rents being used to pay for costs and debts. The problem is solved by separating failed capitalists and their assets from those that survive. Since capitalists claim to be rugged individualists - they should find this solution quite an acceptable challenge.

The markets had a booming week despite a host of bad political and economic events, but it did so on the lowest volume and years. The most important real economy report was the miserable July new home sales -- an annualized 412,000 (about a quarter of their last good year), down 2.4%. Median prices fell 3.7%. The flacks tried to cover their "recovery" shame by touting an increase in pending home sales, leaving out that "pending" doesn't mean "sold", and forgetting to mention that a month to month increase is not nearly important as the 2.7% year to year decrease; the 10th y/y decrease in a row. Then they promoted a rise in durable goods orders while not stating that without planes and cars it fell 0.8% (or that planes are not ordered but booked, meaning that the prospective buyer can cancel the transaction --- Airbus recently lost an entire sale of its newest plane in that manner). They also forgot to mention that capital expenditures, a key to economic health, fell 0.5%

But most interesting development occurred in France with the resignation of the Economy minister and two others because they've taken up Paul Krugman's mantra that austerity must be forgotten in times of crisis in order to prevent "a descent into hell". It's big problem for Europe because the Germany run Eurozone is adamantly opposed to deficit spending. The week ended on another positive market even though the Russians in western Ukraine were on the offensive against western supported fascist scum. Why? Because economies are failing worldwide: Brazil has joined Italy in recession, Eurozone inflation fell to 0.3%, American consumer spending fell 0.1%, everything is falling in Japan and weakening in China, etc. Therefore, more gifts will be given to the source of the problem. Draghi provided Friday's stimulus -- He said to Eurozone governments: You want quantitative easing from the ECB, then ease up on austerity on your side. Just what the world needs -- more fuel for the fire.

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